



City of Santa Barbara
Airport Department

DATE: December 17, 2008
TO: Airport Commission
FROM: Karen Ramsdell, Airport Director
SUBJECT: Lease Agreement – Ag Rx

RECOMMENDATION:

That Commission approve and authorize the Airport Director to execute a five-year Lease Agreement with one five-year option with Ag Rx, a California Corporation, for 3,120 square feet of Building 225, 20,757 square feet of improved land, and 944 square feet of storage containers at 6150 C&D Francis Botello Road, at the Santa Barbara Airport, effective February 1, 2009, for a monthly rental of \$7,515, exclusive of utilities.

DISCUSSION:

The subject Premises is located north of Hollister Avenue in an Airport Industrial (AI-1) zone. Ag Rx has been an Airport tenant since May 1994, operating a field office for an agriculture supply business. The Premises will be used for wholesale and retail sales and storage of liquid fertilizer and other agricultural supplies. Nine employees will work at this location. The use conforms to existing zoning.

In 2002, Ag Rx and the City entered into a lease that included improvements to the Premises at 6150 Francis Botello Road. A rental credit of \$.05 per square foot per month for seven years, or until the documented costs of construction were reached, was allowed for capital investment that did not specifically benefit Ag Rx's use or occupancy (i.e., paving and fencing). That credit has now expired, and Ag Rx and the City wish to enter into a new lease.

The proposed monthly rental is based on a rate of \$1.09 per square foot for industrial/storage space, \$.18 per square foot for improved land, and \$.40 per square foot for the storage containers. The rates are comparable to other buildings and land on the Airport for similar use and in similar condition. The proposed rent represents a 10% increase over the previous rental. Ag Rx will also pay monthly utilities charges of \$61.93 or metered amount, whichever is greater, for water and \$30.46 for sewer service.

The proposed Lease Agreement has been negotiated based upon the criteria set forth in Resolution 93-127, and has been reviewed and determined to be exempt from environmental review.

PREPARED BY: Business & Property Division
ATTACHMENT: Map